



# CITY OF FALLS CHURCH

Office of Communications

703-248-5003 (TTY 711)

FAX 703-248-5146

[publicinfo@fallschurchva.gov](mailto:publicinfo@fallschurchva.gov)

**FOR IMMEDIATE RELEASE**

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**CONTACT:**

**Barbara J. Gordon or**

**Hyun June Lee**

**703-248-5003 (TTY 711)**

## **Falls Church City Manager's Proposed FY 2010 Budget Includes Layoffs, De-funds City Bus, Raises Tax Rate**

Falls Church City Manager Wyatt Shields proposes a Fiscal Year (FY) 2010 budget of nearly \$66.6 million – 5.7 percent less than the current year - which includes a General Government (City) employee pay freeze, seven City employee layoffs, a de-funding of the GEORGE bus system, no new Capital Improvements spending, and an increase in the real estate tax rate by 4 cents from \$1.03 to \$1.07 per \$100 of assessed value. Shields submitted his proposed budget and the Five-Year Capital Improvements Program (CIP) to the City Council at its regular meeting tonight (March 9). The budget is balanced within revenue estimates and in line with the City Council Vision Statement and Strategic Plan. The 2010 fiscal year runs from July 1, 2009 through June 30, 2010.

The FY2010 proposed budget includes a fund transfer in the amount requested by the Falls Church Public Schools – about \$29.6 million - which is a 1.6 percent decrease in this year's school transfer. The proposed General Government Operating Budget includes reductions in virtually every (City) department for a nearly \$1.8 million decrease from the current FY09 operating budget.

The long list of spending reductions is in response to the overall decline in revenues associated with the current recession, Shields said. The total value of all real estate in the City as of Jan. 1 decreased 2.5 percent, sales tax receipts are down almost 14 percent, building permits are down 57 percent, and investment returns are down 67 percent.

Due to the decline in real estate values, the proposed 4 cent real estate tax rate increase means many Falls Church property owners will receive small increases in their tax bills. The 2009 assessed values declined for single family detached, townhouses and condominiums. With the proposed \$1.07 real estate tax rate, a single family detached home with a median assessment of \$605,950 the median tax bill would increase by \$76. However, to allow the City Council the ability to consider a range of budget options, Shields recommended the Council consider advertising a rate of up to \$1.09 per \$100 of assessed valuation.

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For the fourth consecutive year, water and sewer commodity fees will remain unchanged. The water rate will remain at \$3.03 per 1,000 gallons in FY10 and the sewer rate will remain at \$5.91 per 1,000 gallons. The City's water rates are below average for the National Capital Region.

Other proposed budget details include:

- Elimination of the GEORGE bus which provides convenient local transit service to and from the E. and W. Falls Church Metro Stations and throughout the City.
- Elimination of these General Government positions: Human Resources Specialist, Urban Environmental Inspector, (both part time) and City Manager's Office Assistant, Emergency Management Specialist and Housing Development Specialist. The hours will be reduced for the Food Service Provider position at the Senior Center. A vacant police officer position is eliminated but is expected to be funded with a federal grant.
- A full year's operation of the red light camera system with estimated revenues from fines offsetting costs.
- No revenues or expenditures related to the recently-adopted federal stimulus. Stimulus money may become available for the School budget and capital projects related to transportation, transit, energy and storm water improvements.
- New fees for services including mulch delivery, street closures for block parties, false alarm fee, land development fees and elimination of a discount for restaurants that pay the meals tax early.
- No changes in Library or Community Center hours.
- Preservation of climate initiative, storm water and rent relief programs.
- While scaled back, the 2010 CIP moves these projects forward: improvements to City Hall, stormwater, transportation, pedestrian/traffic calming and reliable/safe water distribution.
- \$113,000 to provide the local match to the federal grant for the City Center intermodal transit center.
- CIP projects not recommended are tax collection software, fire pumper truck and Library expansion. The parks master plans are partially funded.

"Although constrained, the anticipated revenues available to the City government allow us to continue to provide most of the public services the community has come to expect," Shields said. "However, the story of this year's budget is strongly influenced by continuing uncertainty and risk for future years, especially FY2011." Even so, Shields said "Alongside these areas of concern, there are reasons to remain confident that the financial challenges faced by the City of Falls Church will be successfully overcome. The City's unemployment rate remains low and per capita income remains high ... (and) residential property values are under-girded by our strategic location, great schools and quality City services." Shields also noted that the City's credit ratings remain very strong: AA from Moody's, Aa2 from Standard and Poor's and AA+ from Fitch.

Copies of the proposed budget and CIP are available at [www.fallschurchva.gov](http://www.fallschurchva.gov) and at the Mary Riley Styles Public Library (120 N. Virginia Ave.).

Budget work sessions and public hearings will be held until final budget adoption by Council at its April 27 regular meeting. Visit [www.fallschurchva.gov](http://www.fallschurchva.gov) to view the budget timeline.

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